



# **Best Practices for Nonprofits Toolkit**

**By: Beth Irvin  
MPA, University of Louisville  
Spring 2010**

## Toolkit Contents:

- **Preface.....Page 3**
- **Section One: Understanding Mission and Vision.....Page 4**
  - Interview with Ann Coffey, President and CEO of Women 4 Women
- **Section Two: Building Stakeholders.....Page 10**
  - Interview with Cathe Dykstra, Executive Director of Family Scholar House
- **Section Three: Individual Giving.....Page 15**
  - Interview with Jim Grote, Director of Development of Boys' and Girls' Haven
- **Section Four: Advocacy and Lobbying.....Page 24**
  - Interview with Cathy Hinko, Executive Director of Metro Housing Coalition
- **Section Five: Coalition Building.....Page 30**
  - Interview with Mary O'Doherty, Project Director of Kentucky Asset Success Initiative
- **Section Six: Grant Writing Basics.....Page 35**
  - Interview with Kevin Connelly, Founding Director Center for Nonprofit Excellence
- **Bibliography.....Page 43**

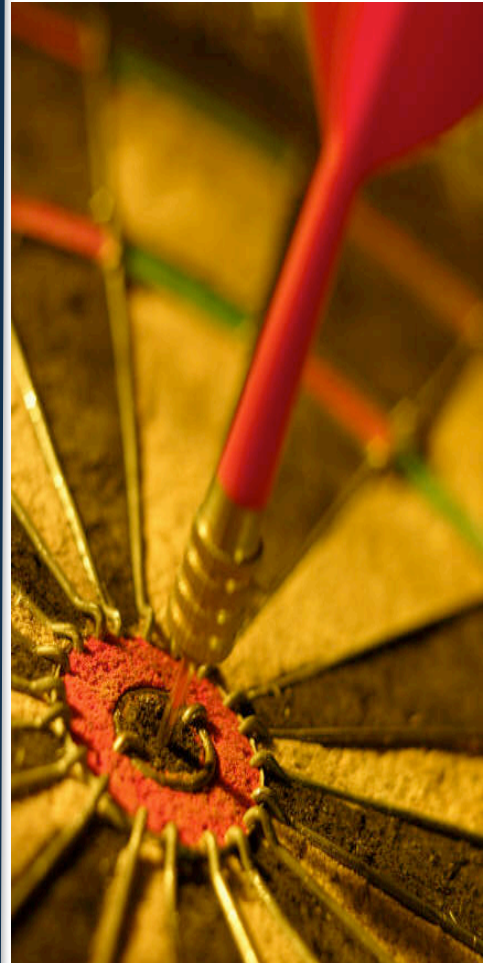
## Preface

While working on my Masters of Public Administration at the University of Louisville I was exposed to a lot of great material on what makes nonprofits effective in the field today. My professors assigned comprehensive readings that exposed me to a plethora of ideas, strategies and case studies relevant to nonprofit best practices. During my coursework I was assigned projects that tested my ability to apply those concepts, which really ingrained the material for me. I wanted to compile a project that would both allow me to synthesize what I had learned through the program as well as explore further some of the areas that interested me personally.

This Toolkit is designed to share not only the academic concepts I learned, but also the expertise of great nonprofit professionals to others in the community. I performed targeted interviews on specific subjects relevant to modern nonprofit management with local and state level nonprofit leaders. It was amazing the amount of insight people were willing to offer me in a thirty-minute interview. Each interview is really a gold mine of advice and know-how.

I really appreciate the participation on behalf of all of the interviewees. Also, I would like to thank Dr. Andy Patterson for serving as my instructor on this project and helping guide me through the process.  
Enjoy!

**-Beth Irvin**



## Section One: Understanding Mission and Vision

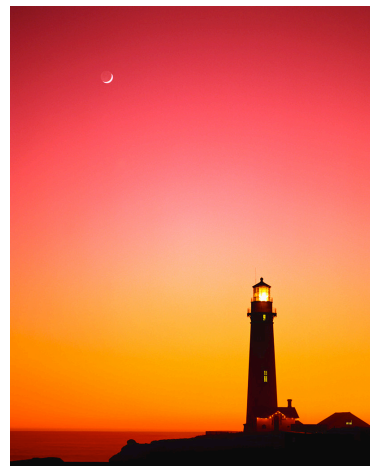
**A nonprofit organization's mission is the guiding light of the organization, the ultimate reference. For-profit companies have missions too. Their missions, though often not explicitly stated, are centered on profit margins and self-interest. The mission of a nonprofit organization, in contrast, is centered on a philanthropic goal.**

### *Mission Statements*

For nonprofits, the mission statement serves as the primary foundation of communication with the public. The purpose is to convey the aims and goals of the organization, the services it provides, and define the target population to receive those services. A good nonprofit is able to communicate all these things in a concise and lucid mission statement with little to no discrepancy or confusion.

A mission statement, once established, is upheld as the rule, but it is not completely inflexible. After proper examination of the changing needs and demands of the organization and/or within the greater community, an organization may decide to make amendments to their current mission statement. In fact, as many nonprofits grow in presence and level of service their mission may need to evolve too in order to remain relevant to their clients or the environment around them. Outside factors like new legislation or technological advances might make an original mission obsolete. Other external influences may expand the needs of their clients and necessitate a more dynamic mission statement.

The important thing to remember is that although a mission statement is held as a reference it is not necessarily set in stone. Reevaluation of one's mission statement is often a necessary component of any strategic planning process.



The mission of a nonprofit organization is intended to have a tremendous impact on and relevance to the staff and the board members. Individuals central to the operations of the organization should be completely aligned with the mission and uphold it in their daily work. The mission should be their ultimate compass.

Board members should be interested in serving on a board in order to assist in the development of an organization in which they believe. Staff should know the mission of their organization. They should feel invested in the agency's goals and work whole-heartedly to bolster that mission by exercising their talents and skills.

In a constantly changing world, your mission is an important instrument that can help ground your organization and keep you on track.



**Constructing a Mission Statement:**

- Explain who is to be served
- What services will be provided
- End goal to be achieved

**Tips:**

- Be succinct
- Don't use jargon that is difficult for outside audiences to understand
- Get feedback from people outside your organization

**Follow an Example:**

"Our mission is to dedicate ourselves to improving the health and economic well-being of women and girls by increasing awareness, expanding resources and creating solutions to strengthen our community." –Women 4 Women, Louisville, Kentucky

**Caution:  
Avoid  
Mission Drift**

**Mission Drift** is when an organization strays from the overall purpose and goals upheld by the organization and should be readily avoided. This digression, rather than natural evolution, happens as a result of poor strategic planning. Sometimes an organization might imprudently accept funding with requirements that in effect hinder the services and original mission of the organization. Other times, nonprofit agencies start too many programs and overstretch their limits, which forces them to overlook the goals laid out in their mission. Mission Drift can negatively impact the organization's reputation in the community and hurt their overall credibility. Be aware of the warning signs of mission drift and stay alert.

**Developing and Sustaining Nonprofit Vision**

The nonprofit vision embodies the greater goals of the organization. These goals are normally more future-oriented and focus less on what the organization is currently doing but what it ultimately hopes to achieve. For example, a soup kitchen might be feeding homeless individuals and families in need as part of their mission: whereas, their greater vision may be to ultimately end poverty and homelessness in their community. Visions should be very ambitious depictions of what the long-term impact of the work of your organization will be or the ultimate image the organization sees of itself reflected in the community. Fundamentally, your goal in the nonprofit sector is to put yourself out of business. Incorporate that into your larger vision. Ask yourself: What is our ultimate goal?



## Ask the Expert



Women 4 Women (W4W), a nonprofit in the Louisville area dedicated to elevating the status of women and girls in the community, has a reputation for dreaming big and going bold. They are not only dedicated to raising awareness to the issues facing women in the community, but also raising resources for future generations of women and girls.

I decided to sit down with Ann Coffey, President & CEO of Women 4 Women, to get her thoughts on nonprofit mission and vision. Ms. Coffey has a background in professional consulting and strategic planning which makes her an excellent resource. Under her leadership, Women 4 Women received the Center for Nonprofit Excellence Pyramid Award for Excellence in the Art of Vision. I wanted to get her unique perspective on how to sustain mission and vision in the nonprofit sector.

BI: What is the mission of W4W and how did your organization initially develop your mission and vision?

AC: Our mission is this: Women 4 Women is dedicated to improving the health and economic well being of women, girls and families to strengthen our community. We do that through expanding resources, which means not only expanding money to keep this operation alive so that we can implement our programs but also to expand a pool of funding for the other organizations that are serving women and girls. ... If you've read our materials you've seen that we say 'When women do better we know that schools do better, neighborhoods do better, families do better, businesses do better- therefore everyone does better'. So it's expanding resources, creating awareness and then finally creating

#### W4W 4 Bold Goals: The 2020 Dream

**Economic Well-Being:** Substantially improve the economic well-being of 20,000 women and girls in our community

**Health:** Substantially improve the health of women and girls in our community and significantly reduce obesity, smoking and teen pregnancy

**Connections:** Connect women and girls from every corner of our community to each other to share knowledge, resources and networks to strengthen our entire community

**Funding:** Build a \$25 million fund to ensure a sustainable revenue stream of funding to create and maintain one of the best places for women, girls and their families to live and work

solutions. ... We developed that through a nine-month, well-vetted research-based strategic planning process back in 2002.

BI: What was the Benchmark Study?

AC: The benchmark study in 2000, which was

the first study on the status of women and girls in this region, (really the Louisville area) was the reality check for us because we didn't really know how bad it was. ...So, that [study] was the impetus for us to say 'something's got to be done'. So then our founder, Cissy Musselman, and others raised the money to hire the first executive director, which was me. ...Then, we developed the strategic plan we've been working from today and that is where the mission came from. We spent nine months doing it. Met every couple of weeks, sometimes three weeks doing the environmental scanning piece, reviewing papers, looking at statistics and having a great deal of information sharing and vetting.

BI: I have noticed several specific numbers in the *bold goals* and vision section of the website. Can you explain why your agency thought it was important to have quantifiable descriptors like that?

AC: Well, there are lots of different schools of thought but I can give you the squishy one, which is what I believe. Unless you are very clear on your mission, vision and outcome you will never get there. The other is that it is also a measurement stick. We came up with those numbers for different reasons for the different goals, but whatever those reasons were that is our measurement stick as to how close are we.

BI: So assessment of yourself as an organization has always been a major part of your mission?

AC: Right. We evaluate everything and report that out each year to the board. When you get into evaluation, research and statistics people

glaze over very quickly. At the end of the day they just want to know if they're investing in this work and that they are getting a good ROI (return on investment). ...Most people

don't really want a drill down like we do; but it's there and if they want to see it we are happy to throw it out there.

***"Unless you are very clear on your mission, vision and outcome you will never get there."***

BI: How does your agency's mission and vision come into play when developing new programs and initiatives?

AC: Everything has to be aligned. It sort of starts with the mission and vision; it's a roadmap. What is the best way to get there and do we have the capability to do that? Can we get it funded? Do we have the capacity and the will, the passion and commitment? Then we start laying it out. So everything is right aligned. Sometimes its not so straight aligned. ...The thing that I think I've learned the most through this so far is that it always takes longer than you think it's going to take because there are too many things that you can't anticipate. ...As long as you have a clear sight of where you're going that's okay.

BI: How do you avoid mission drift?

AC: Mission drift is very seductive. ...You have to hold both [your mission and the new idea] at the same time because what if there is something in this that feels like mission drift that needs to be vetted? And the board often times will make you do that whether you want to do it or not. You may know, in your own mind, that as the person responsible for keeping it on track that this is a waste of time and energy or it may not be. Maybe you need to spend a couple hours really thinking about it. Is it more in alignment than I initially thought and can it

help us get there faster? It can be tricky. You always have this creative tension and being comfortable with that, being able to hold those at the same time while never losing sight of where you're going. I think that is the hard part. Whether you're board leadership or whether you're in operational leadership- it's okay to hold them both, being aware and listening to the opportunities that may present themselves. ...You have to allow people to bring their energy into it and ideas.

BI: You don't want to stifle anyone.

AC: No, and I have found myself doing that because I get frustrated because we don't have enough capacity and board members come and they are enthusiastic and they want to go a certain direction. What I have tried to learn over time is just not 'naysay it' right off the bat, but help them express [their ideas and examine them themselves] and hopefully lead them to the same place. That takes more time but I think in the end you have a more educated board person who begins to really understand your framework and how you're looking at it.

BI: I'm trying to imagine your board meetings. Do you recite the mission aloud every time?

AC: I'll tell you what we did for the first time last year. During every board meeting we did what I call "discovering dialogue", because I knew we were moving into our next strategic planning phase in 2010. I wanted old board members and new board members to really begin to understand what our mission really does mean by tearing it apart—what do we mean by "improve" or the word "health"? We literally went back and redefined those [terms] and put the detail down. We did that with our mission, vision, core values, and guiding principles and even our name. We spent all year doing it and had fascinating

conversations. We will use all of that against the strategic planning process. Often times, when I am presenting something or talking about something I will say "remember the mission." ... I do think it's important to keep it in front of everybody and keep it alive. I do strategic planning so it is something that comes to me and is something that I believe in. Not a lot of people will come from that paradigm or that discipline but its really helpful.

BI: I really think there is a different tone on your website. Everything is out there on display rather than some vague mission that maybe a lot of people get it, but a lot of people don't—which happens with some organizations.

AC: I will say that some people still struggle about what exactly we do even though it's all spelled out there. Most people don't take the time; we are in a sound bite society—We've struggled with that. That is why we came up with the line "When women do better the community does better" which is true! That has helped a lot. It is going to be really exciting to get into the strategic planning process. ...Six years ago when we sat down to [plan] it was a blank canvas. I have an advertising, communications and strategic planning background. What do I think I can bring to the table to improve the lives of women and girls? There have been organizations doing that for 100 years; so, what makes us relevant? It was pretty overwhelming [then] and we are not at that place anymore. We know a lot. We know where the roadblocks are and we've got all the best partners. I think we are really poised for strategic planning round two.

BI: Is your mission a living document? Do you think it will ever change into a new direction?



AC: It is because I know how to do [strategic planning]. I have consulted for years and worked with other organizations for years. I am constantly pulling out [the strategic plan] and reporting against it. But that takes a lot of time and energy and a little bit of expertise and understanding and I know it is quite challenging for most organizations. When other executive directors come to me [for advice]... I say: "Do you have a strategic plan? Do you have a clear road map, has this been vetted out?" I don't mean one that the executive director has written, I think it should be written as a group and it should be collaborative. That is what keeps it alive and it takes effort.

BI: Did I read on the website that Women 4 Women has a \$25 million fundraising goal?

AC: You did and we have a million so far. We are a long way away, but they are called *bold goals*. We decided to be bold and at the time when we set these goals the economy and the world were in a very different place. We will revisit all those goals. Obviously we have not met all of them; we have not reached 10,000 middle school girls. We know why we haven't reached them—but we've reached a lot of girls and we now have a program. We had a lot of naivety going into this. It was easier to be lofty and bold. I think it served its purpose. I think we are going to be a lot smarter about how we do that next time because we know so much more. Hopefully we will still get to that 25 million. ...We have a lot of great conversations going on and we haven't let go of it.

BI: Where is Women 4 Women headed in the future?

AC: I don't think the fund will go away. The reason I think we are not at the \$10 million

for 2010 is because we spent a lot of resources on programs and activities. For the first couple years it was just me. We kept adding and adding but we didn't have the capacity. I don't think we built in enough capacity through the process quick enough to really fulfill all of our goals. I think all of them are still possible just not that quick. We are all goal-oriented, ambitious women. We can do it, but if you don't put it in writing you will never get there.

I do think the endowment will be important to what we are doing [in the future]. I think we will have some announcements that will actually impact that. We will have some major gifts to support that endowment. It is not for the perpetuity of us. It is a community-based pot of money, if you will, that will be there forever. It is not to ensure that Women 4 Women never goes away. That doesn't matter. There may not be a role for Women 4 Women later... We let those future generations figure that out. Right now more women than ever are in higher education, medical school, and law school. What does that mean? For the first time in history we have 50 percent of women in the workforce, but workplace policy has not caught up with that. Regardless of what happens in the future women will always play a unique role, especially as long as they are having babies. ... So, we've got to ensure that the work that has been done and will continue to be done will be nurtured. It's much like a garden if you don't constantly weed it, take care of it, fertilize it and feed it and water it—everything just takes back over. I think the progress that we've made has to be attended to always. ▽



## Section Two: Building Stakeholders

**Building stakeholders is simply about building relationships. Nonprofits must consciously and consistently evaluate their relationships in the community. Where are the gaps? Where are the logical partnerships? Stakeholders are all around you and in places you might not expect. Successfully building stakeholders strengthens your nonprofit and makes it more sustainable. The more available and diversified support for your agency, the stronger your mission and services will be.**

### What are stakeholders?

Stakeholders are anyone who has interest in the success and mission of your organization. This definition includes both direct and indirect relationships; some may not be as noticeable as others.



It is important to emphasize two critical points about stakeholders. First, stakeholder markets provide more than just money. In the business world, the terms stakeholders and markets often imply monetary investments; however, measurement of stakeholder importance in the nonprofit world goes beyond just money or gifts. Greatly esteemed stakeholders may influence or support the organization in valuable ways completely devoid of any monetary contribution. Second, stakeholder markets are not always completely separate or mutually exclusive. Even though each segment is distinct, they are often interrelated. Often times your stakeholder markets interact with each other or even depend on each other.

### Identifying Stakeholders...

Stakeholders can be divided into three distinct segments: *payer markets*, *service markets* and *internal markets* (Brinckerhoff, 1995).

#### *Payer Markets*

*Payer markets* include all individuals or agencies that provide financial resources to the nonprofit organization. Examples of *payer markets* consist of but are not limited to: donors, grantors and referral sources to the organization. In most cases, these sources have been courted or acquired by the organization. The nonprofit board recruits donors; staff members apply for federal grants; and the organization establishes referral sources in the community through word of mouth and successful marketing. These sources had some sort of alignment with the mission of the organization and can justify why the services and programs of the organization should receive financial assistance.

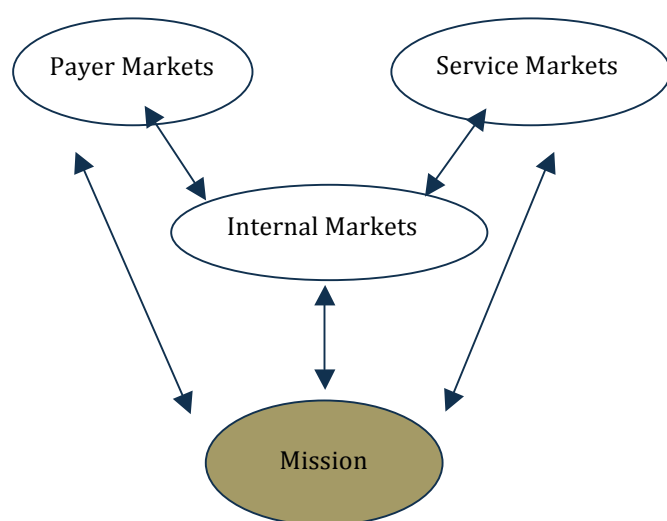
#### *Service Markets*

*Service markets* are those who benefit from the services of the nonprofit. *Service markets* found on an individual level are the very clients the organization serves. Other *service markets* could be other agencies impacted by the work of the organization like neighboring businesses or closely aligned nonprofits. The community as a whole would

also be considered a *service market* because the community benefits from the programs implemented by the nonprofit. In most cases, a nonprofit is created to meet some need in the community that the current public and/or private sectors have overlooked or have serviced ineffectively.

### Internal Markets

Also important to the organization are the staff, board of directors and volunteers who make up the organization's *internal markets*. These stakeholders are focused on the success of the organization on a day-to-day basis. Regular staff, board members and volunteers although they change in composition, are consistently invested in the success of the organization.



Source: (Brinckerhoff, 1995)

### Map it out

Use Brinckerhoff's three different types of markets as categories to map out your stakeholders. Which markets are lacking? What specific agencies in the community would make good partnerships?

It's okay if it starts looking more like a spider web than a flow chart. The objective is to visualize your connections in the community and identify where the potential partnerships or funding sources could or should be.



### Mission and Stakeholder Relationship

Neither nonprofit missions nor nonprofit stakeholders stand-alone; they are inherently connected. The organization's mission unites all the different stakeholders. More importantly, an adequately defined and well-implemented mission is vital for securing the necessary stakeholders. *Payer markets* must be persuaded by the mission to donate funds. *Internal markets* must be inspired by the mission to support the organization. *Service markets* must see the mission in action through the services they receive.

The relationship between stakeholders and an organization's mission should be closely monitored with objectivity. Consider the stakeholders of a nonprofit as members of a democratic republic and the mission statement as their constitution. The stakeholder's perspective must be considered before any major changes to the organization are implemented. Ideally stakeholders should work together cooperatively to achieve their shared mission and goals. In times of struggle, board chairs, nonprofit directors and pertinent leaders in the community should facilitate and mediate between the different stakeholders so that the best possible solution is achieved.



## Ask the Expert



Cathe Dykstra, President & CEO of Family Scholar House, has a unique approach to building stakeholders. Rather than seeking out potential donors to financially support her nonprofit, Ms. Dykstra focuses her energy primarily on building relationships in the Louisville community and beyond.

Since taking the position in 2005, Ms. Dykstra has injected the agency with a concrete vision and purpose. Most recently, she successfully led the nonprofit through a \$15.7 million capital campaign. The Gladys and Lewis ‘Sonny’ Bass campus of Louisville Scholar House, a brand new facility dedicated to financial sustainability and education for single parents, opened its doors in October 2007 as a result.

But if you sit down with Ms. Dykstra to ask her how she did it, she will tell you it’s not about the money—it’s about the need. It’s about ending the cycle of poverty and giving single parents and their families the support they need to earn a four-year degree. It’s about paving the road to success through education. Seventy-five percent of their clients have exited to stable employment. Over 50 percent have continued their education further after they leave the program, often in graduate studies. Ms. Dykstra graciously accepted my invitation to sit down and share her approach to building stakeholders.

BI: What is Family Scholar House (FSH)?

CD: FSH is a nonprofit that has a mission of ending the cycle of poverty by giving single parents the support they need to earn a four-year college degree. The whole focus is on empowering families through education...Our goal is to put ourselves out of business and we drive towards that [goal] as hard as we can. Unfortunately the numbers are growing; they are growing in the wrong direction. But even as the numbers rise we strive to serve everybody that we can.

BI: Why was the name change from Project Women to Family Scholar House so important?

CD: There are two reasons around the name change. The first thing being—we didn’t have

a choice. But it was the best thing in the world to happen to us because we didn’t like the name we had and we didn’t realize how many people in the community didn’t know what we do, or had heard the name “Project Women” and thought “I’m a man, that doesn’t apply to me.” There was no connection to it. Where as [with] Family Scholar House—it’s about families; it’s about housing; it’s about education. It’s about allowing families to focus on their education. ...The motivation for the change was that we could not trademark it. It was too close to another organization’s name. ...Potentially they could have sued us for every dollar that was raised under a name that was theirs! When you are in the middle of a \$15.7 million capital campaign, working your hind off to get that money, the last thing on earth you could contemplate would be that someone could take it from you.

BI: FSH has accomplished a great deal over the past few years. You have brand new facility, another one the way in the downtown area and another site identified in Louisville. Where would you attribute the source of such momentum for your agency?

CD: Well, we've had really wonderful people working with us, but there is a certain aspect of it that is my vision (and they would tell you that, too). But, when I got to what was then "Project Women", March 28<sup>th</sup>, 2005, there were four moms in the program. We did not provide any child services other than babysitting so that mom could study. There were three FTEs (Full-time Equivalent Employees) and they were not making budget. ...I didn't come there to put a padlock on the door. I had been a single parent with a college education after my divorce and I knew how hard it was *with* a college degree. I could not imagine how hard it was *without* and I knew that there were more poor, single moms in Louisville Metro that needed our help. So it just kind of became personal. How would we let this organization fail? How would we ever justify having done that? So, there were a couple things that needed to be done...[First], you need to identify what your competencies are, [Second] you need diversity of demographics and experience. You also need passion. Often when people have been in an organization that is just ticking along, they may not be the right people when it's going to



accelerate. ... One of the things that I counsel a lot of my peers about is board member term limits. An organization without term limits is really set up for a difficult situation. I

was doing some work with another organization with someone who had been on the board as chair for 32 years! ... If you've got somebody on your board who cares for your organization and is a regular donor why wouldn't you want them to stay forever? You want them to stay involved forever, but if after six years (two terms) we have not fully indoctrinated you on what we do and why we do it with continued concern for our families—extra time is not going to do it. If we have, then that person should be a perfect advocate for us in the community and [they] should continue to be involved at the committee level and allow someone else to have that unique experience that they've had. So that we have more advocates going forward, not just the same ones that we had.

BI: How do you hire staff that is the right fit for the organization? How do you measure that in an interview?

CD: I have hired three staff members from active volunteers. ...For other people, you don't always know. But I think if you are very honest about who you are, what your organization is and what you expect – they will self-select. We do a couple of interviews, not just one. And I encourage them to spend some time in our office to just get the feel of it.

BI: Can you elaborate on some of the most effective partnerships that FSH has built in the community? How did they come about?

CD: [Listing] University of Louisville, Louisville Metro Government, Spalding University, Louisville Metro Housing Authority, National City Bank (now part of PNC). ... When you think of the hottest day of the year and you have 125 bankers coming out to do your landscaping you

know you did something right. ... I have a certain approach to it. The first thing I do is I look at whose goals are similar and who are the stakeholders for us? So obviously if you're a single parent, you're a stakeholder.

If you are in the community and you need employees- you're a stakeholder. We have a very strong partnership with UPS and Norton Healthcare. ...People who need employees need us, too.

BI: Are you literally mapping out who your stakeholders are on paper?

CD: Whenever we are looking at collaboration, I make a list of who is the most logical and who isn't. It's just like in the corporate world. It's your stockholders, but they don't get money, they get benefits. For a long time we were not effective in communicating to our community that they were a stakeholder. They saw us as helping "those women." ...If you make it about [our clients] getting houses of their own, about them getting their kids to go to school- (several of our kids have gone on to get full or partial scholarships and we don't have many kids in our program old enough to attend college). Then you start talking about them being employed, being taxpayers-- Well, that directly affects our community.

BI: In a previous meeting you said "It's not fundraising, it's fund-development", can you elaborate on that concept further? What is your approach?

CD: Everybody says fundraising, so you find yourself saying it anyway, but I have an entirely different approach. ...If what I want from you is your money, that is the absolute easiest thing you can give and if you have a

whole lot of it then you can give me a little and you've given me something. So I don't have a way to come back to you for anything else because you've already given it to me and [worse] you are not engaged in our mission at

"Fund-development is not just about the money its about the relationships that support everything."

all. ...So, if fundraising is what you want to do you may be very successful at raising *some* money, but it won't be the kind of money that you can raise by developing

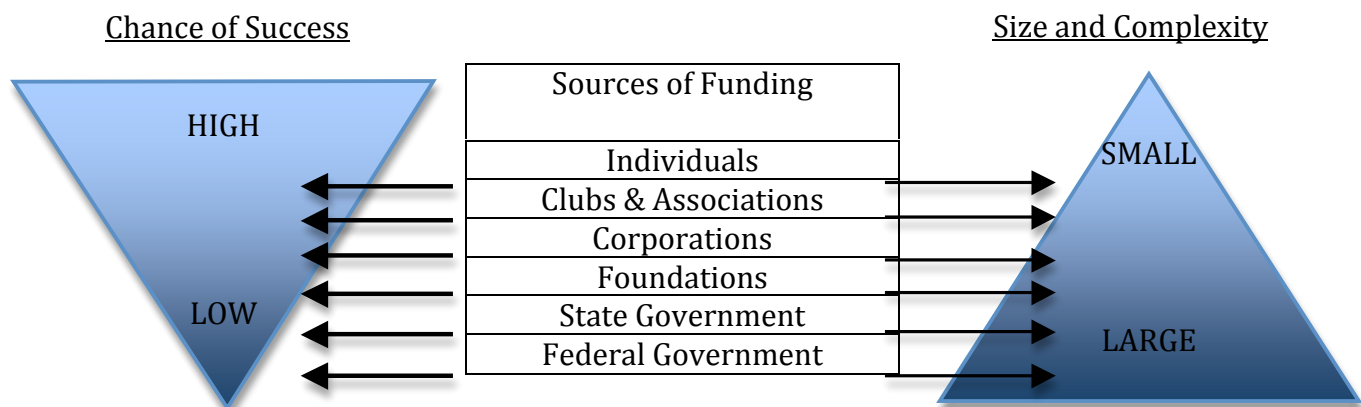
relationships. Fund-development is not just about the money it's about the relationships that support everything. I don't need money for a building if someone gives me the building. I don't need money for the land if somebody leases it to me for \$1 a year for 50 years. If all you're focused on is the dollar amount-that's fundraising. But if what you're focused on is your goal: to house women who have children and are single parents, and some single fathers (we've got one on the campus right now)- then do I need the money or what the money buys?

Last year we had 336 volunteers for a total of 18,901 hours and 15 minutes, that is nine full-time staff people! I don't need them to give me the money to hire those people if they can give their time. That is so much more valuable than their money. Currently the [average] hourly rate is \$20.25 for 2008, which is over \$337,000 [in volunteer hours]. No, we wouldn't have paid that much for nine staff people but isn't it wonderful to know that it's got a value? If [a volunteer] gets to the point where when they wake up in the morning they are thinking about your families, when they go to bed at night they are worried about the ones that aren't yet living with you and through the course of the day they are telling other people about this organization that they are involved in—that that is worth so much more than money. The money will come.▽

## Section Three: Individual Giving

Let face it, not all fund sources are created equal. More importantly, not all sources of funding are a good fit for every organization. While it is important for a nonprofit to diversify its revenue streams just like you would do with a stock portfolio; you still must consciously understand the risk attached to any type of sought after funding. In this section we will explore *individual giving* as a funding source specifically and its benefit to the nonprofit sector.

### Sizing Up Sources of Funding: Chance of Success vs. Size and Complexity



Source: Center for Nonprofit Excellence

As shown in the diagram above, funding sources vary inversely in terms of size and complexity and rate of success. Individual giving is known throughout the sector to be not only the least complex strategy but also the most successful. In addition, individual gifts whether they are small donations or large bequests often allow for the most autonomy on the organization's behalf and reliability for securing funds in the future (Pratt, 2004).

Surprisingly planned giving, "any charitable gift that requires more thought and planning to execute than the average

donation", happens to be one of the least sought after markets for nonprofit funding (Henze, 2005). A lot of nonprofits may feel intimidated about pursuing planned gifts, but their uneasiness is severely limiting the potential financial resources they could use to support their missions.

The truth is Americans are willing to put charities in their wills; they just haven't been asked! Layers of misunderstanding and over exaggerated complexity have plagued the market for planned giving. Nonprofits need to do a better job seeking out planned giving donations that have been largely untapped.

### Types of Planned Giving:

There are many avenues for donors to offer long-term support to their favorite charity after they're gone; and you don't have to be a Certified Financial Planner to understand them. Nonprofit Development Directors should take the time to familiarize themselves with the variety of options available for donors of all different financial circumstances and assets.

- **Bequest:** A specific provision to a nonprofit listed in a will or estate plan
- **Charitable Remainder Trust (CRT):** A trust that pays a specific amount to one or more individuals for a fixed period of time and when the trust term ends the remainder goes to a charity
- **Charitable Lead Trust (CLT):** Similar to CRT but yields a charitable tax deduction to the individual donor or heir at end of term
- **Charitable Gift Annuity:** Donor transfers property or assets to nonprofit with agreement that nonprofit will pay the donor an annuity on that value for rest of his or her life
- **Life Insurance:** Donor signs over life insurance policy to charity of choice
- **Life Estate:** Donor donates property to a nonprofit but reserves the right to live there until death
- **Pooled Income Funds:** Like a mutual fund but when donor dies the shares go to the charity of donor's choice

Source: Henze, 2005.

### FOR WHAT IT'S WORTH

Although return on investment (ROI) differs from nonprofit to nonprofit, on average *major gifts* raise the most money per dollar spent. Despite their popularity, *special events* often yield the worst ROI.

Use your 990 IRS form to calculate your nonprofit's Fundraising Efficiency Ratio:

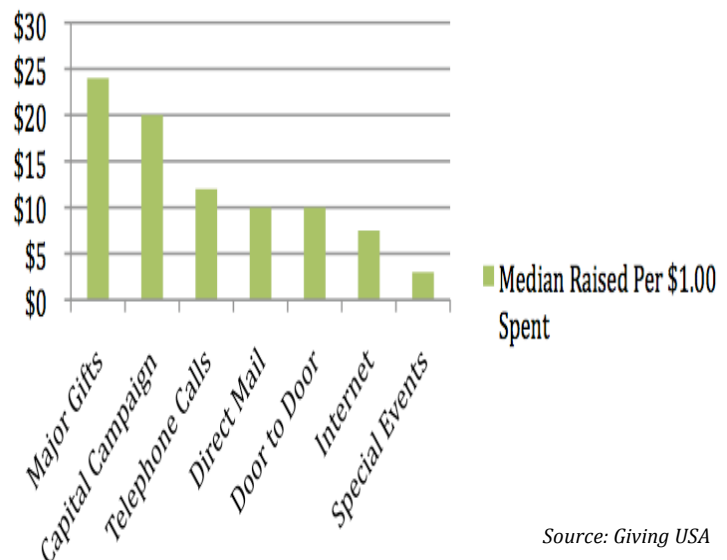
$$\% = \frac{\text{Fundraising Expenses}}{\text{Related Contributions}}$$

Example:

$\$200,000 / \$950,000 = .21$  or 21%  
(It costs \$ .21 to raise \$1.00.)

NOTE: According to Charity Rating Guide and the Better Business Bureau, your Fundraising Efficiency Ratio should be no more than 35%.

### Fundraising Return on Investment



Source: Giving USA



## Ask the Expert



Jim Grote is the Director of Development at Boys' and Girls' Haven, a foster care alternative facility for abandoned and neglected children throughout the Commonwealth of Kentucky. As an active freelance journalist, Mr. Grote has written for a myriad of financial planning publications and has an expertise in nonprofit development, specifically planned giving.

In 2004, he published an article that introduced his theory called "Narrative Philanthropy". In "Narrative Philanthropy" the fundraiser uses storytelling to empower individuals to make charitable gifts. "Narrative Philanthropy" delves deeply into the perspective of the donor and their motivations for giving to nonprofits. Storytelling can be an excellent tool for acquiring small individual gifts as well. In the case of smaller gifts, it is the stories of the clients that motivate donors to give, rather than stories of other donors.

Mr. Grote argues that our stories are the only thing that separates us from the pack. In a world with millions of different nonprofits, some serving very similar missions, your story provides potential donors with something tangible to identify with. The application of "Narrative Philanthropy" can be an effective avenue of any nonprofit development plan.

BI: Can you briefly describe what your role is here at Boys and Girls Haven?

JG: I am the Director of Development, the first full-time Director of Development hired at Boys and Girls Haven. Boys and Girls Haven is celebrating its 60<sup>th</sup> anniversary and for 50 years had no development office. Father Maloney literally did everything, including the plumbing! I've been here 10 years and have worked to expand the annual fund, special events, and planned giving. Where we've grown the most in development is in our grant writing.

Recent economic pressures from the recession and pressures on state budgets have shown that a non-profit's budget is like a stock portfolio. You can't diversify your funding enough because at any given

moment, donors may give less because of economic factors or grants might get cut because of government budget issues. Even though it is complex to maintain all these funding sources, in a way the more diverse the funding sources, the safer you're going to be. Many people gripe about the strings that come with government funding. But like most social service nonprofits, we operate by 80 percent government contracts and 20 percent everything else (including highly competitive government grants). I doubt this 80-20 rule (known in mathematics as the Pareto Principle) is ever going to go away.

BI: Don't people on average only give 1-2 percent of their income to charity? If we left it up to the people to give out of the kindness of their hearts, then we wouldn't have any money, right?

JG: People can complain about the government all day long (and they usually have legitimate complaints!), but that is where the money is and that's why grant writing is so important.

While the Mormons do give 10 percent of their income to church and charity, average giving in this country is around 2 percent of income and this number has remained relatively constant over the last few decades. Getting people to give more than this percentage is a major challenge, especially in a recession. In some ways increasing donations to a given organization translates into stealing donors from other institutions.

The biggest issue related to fundraising that major donors complain about is the excessive number of nonprofits in this country. They are quite distressed at the inefficiency of ten different nonprofits in their local community all pretty much doing the same thing (whatever that niche may be). So these donors are on the lookout for economies of scale and cooperation among nonprofits.

BI: What is your background? Were you always in nonprofits? Have you had experience in estate planning?

JG: In terms of planned giving, I did obtain the Certified Financial Planner designation several years ago. Sometimes I will use this background to help donors with more complex gifts. I have always worked for nonprofits in fundraising or finance. I was a finance director before I became a fundraiser. Because of the CFP® designation, I've ended up freelancing as a financial journalist for several different print

"That would change the face of philanthropy and it is simple!"

and Internet magazines.

BI: The process of seeking out large endowments and going for planned gifts intimidates a lot of nonprofits; would you recommend the CFP® certification in order to

navigate the system better or is it just years of experience?

JG: It is helpful having the certification, but I must confess the course of study was much more difficult than I expected. It looks nice on your resume, but I don't think you need it. It is usually more important to have the planned giving experience. Development officers usually refer donors back to their own lawyers and accountants.

One interesting fact I might add is that 70 percent of Americans give to charity during their lifetime and only 6 percent give in their wills. So if people gave more money in bequests, this would probably be the surest method that could make a large difference in aggregate charitable giving in this country. Getting people to donate more during their lifetime will always be a struggle, but getting them to double or just start giving in their wills could change the face of philanthropy and it is a very simple process.

BI: What is Narrative Philanthropy™ exactly and how did you come up with this theory?

JG: I wrote an article for *Planned Giving Today* on Narrative Philanthropy™ back in 2004. I can't remember how I came up with the idea other than listening to donors' stories and telling other people stories about donors at Boys and Girls Haven that surprised even me. One job I have is going out to the funeral home when one of our



donors pass away and expressing sympathy as well as thanking the family for their family member's giving to Boys and Girls Haven. It is something of a strange task, every once in a while someone is a bit suspicious you're trying to get more money out of the family.

But 95 percent of the time, people express heartfelt gratitude for the visit. They often start telling me stories about their family or express surprise that their family gave to Boys and Girls Haven, or they start telling stories about Father Maloney. We end up talking about philanthropy right there in the funeral home. Once after a visit, one of the ladies I talked to at the funeral home sent me a check for \$10,000 and thanked me for coming to the funeral home.

The other story that prompted the notion of Narrative Philanthropy was a 90-year-old donor who gave stock to Boys and Girls Haven each year. His charming wife called me in early December one year distraught that she wasn't getting their stock gift to us on time. But it was still a couple weeks until December 31<sup>st</sup>. I wondered what the urgency was and asked her if everything was OK? She said her husband was busy in the next room. It turns out that he was with Hospice and died two days later. His biggest concern during those last few days of his life was making sure all their favorite charities received their annual Christmas gifts. The fact that his wife was so concerned and apologetic really hit me, and it still does. I keep a little picture of her husband on my desk at work. This story in particular got me to thinking about the whole idea of stories and then I started gathering other stories.

"Your story to the extent that you craft it is about the only thing that can differentiate you."

BI: Specifically donor stories, right?

JG: Donor stories, yes. The whole idea of Narrative Philanthropy™ reminded me of the field of narrative therapy. The Executive Director of Boys Haven at that time was a therapist, so I asked him about narrative therapy. He told me about an Australian therapist who invented the concept so I

looked it up on the Internet. In narrative therapy clients rewrite their personal stories. Instead of looking at themselves as patients ('I'm a manic depressive'

etc.), clients look at themselves as authors of their life stories. Because each client is the author of his or her story, each client can rewrite it and even look at the past differently. I thought that was interesting because philanthropy can also be a way to rewrite one's history and create a happy ending (legacy) so to speak.

BI: Why are stories more relevant with potential donors than quantitative information? Can you explain the statement, "Your non-profit's story is the only thing that separates you from the pack?"

JG: Well, as I said earlier, there are too many nonprofits. In Louisville for example there are several fine organizations whose mission is similar to that of Boys and Girls Haven. I would venture to say that your nonprofit's story, to the extent that you craft it properly, is about the only thing that can differentiate you from the pack. Generally the people with the most money are older people headed toward retirement or in retirement. This demographic tends to like stories and be a bit more interested in the past than younger people.

We had our 60<sup>th</sup> Anniversary this last summer. We advertised for the event by running print ads that listed all our original donors from 1948 who donated to Boys and Girls Haven. It was amazing how many people read through all these names and came out to the celebration because they were curious about the nonprofit that their parents and grandparents had given to years ago. Storytelling doesn't always bring in dollars immediately, but it definitely helps raise resources more consistently. There is something about stories that resonates with people.

BI: In your article in *Planned Giving Today* you list five different types of stories (Founder, Staff, Service, Alumni, and Donor Stories). When are the appropriate circumstances to use these different caveats of Narrative Philanthropy™?

JG: They are all useful at different times. For example, in terms of a donor story, instead of coming out and asking someone directly for a gift you might tell them a story about somebody else who gave to your institution. This approach is especially useful for planned gifts involving more technical estate planning or real estate issues where people are nervous about all the ramifications of the gift. If you tell these donors a story of how someone else made a technically complex gift, it lowers their anxiety level.

Another use of the donor story is to raise the bar for potential donors. If you meet someone to ask her for \$10,000, you might tell stories of other people who gave at that level to your institution. Currently at Boys and Girls Haven, we are asking folks to donate \$6,000 or more over 3 years in order to build up our annual fund. My sister-in-law

died last summer so I talked one of my nephews and a brother-in-law into each giving \$1,500 towards a memorial gift. I kicked in \$1,500 and solicited small donations from other family members for the final \$1,500. I mention this approach to other donors so that even if they do not donate in this family fashion, it still gets them thinking about other ways to give. It helps them realize they can increase their giving by showing how someone else did it.

This approach works for two reasons. First, you are not preaching to people when you use Narrative Philanthropy™. Second, you are not begging. You are telling stories. This doesn't mean the development officer is off the hook for making a direct ask if need be, but often the story approach works more effectively.

BI: So the first time you learned about Narrative Philanthropy™ was when you went to the funeral home to thank the family for their loved one's gift?

JG: Yes, it all started in a funeral home! As I mentioned earlier, I was a bit surprised when the Executive Director told me that part of my job description was visiting funeral homes. When I visit the funeral home I just ask someone, "Is Mrs. Jones's husband or children here?" And I've found the best approach is to come straight out and say, "I am from Boys and Girls Haven. I am so sorry for your loss and I wanted to thank your family for how much your [spouse, parent, etc.] did for us." Nine times out of ten people are very appreciative and respond very warmly.

BI: I bet sometimes it may come as a surprise to the individual?

JG: Yes, a relative might say, “I didn’t know my father gave to Boys and Girls Haven.” Or people may want to sit and talk for ten minutes. I’ve been surprised how much people will sit and talk to me, a total stranger. It is kind of inspiring.

BI: How did you gain insight into the wealthy donor’s perspective?

JG: I found out about the role of stories in the lives of very wealthy donors through my writing for financial magazines. I’ve written several articles about special wealth management firms that are known as “family offices.” These firms take care of a family’s investments, insurance issues, philanthropic strategies, even concierge services like travel planning and supervision of domestic staff. Family offices also organize family meetings that bring different generations together both to hash out their differences and to cement their common bonds.

Ninety-five percent of all family businesses fail to survive until the fourth generation. Often the cause of this dismal success rate is not a lack of financial acumen, but sibling rivalry and in-fighting over money. I was born into a family business and married into another one, so I’ve seen the dynamics from the inside.

Some high level financial planners even hire therapists to help facilitate these meetings. In some ways the structure of these family meetings is simple: get the family members talking with each other in order to pull out the central family stories in order to surface the primary family values in order to help the family plan for the future. Philanthropy is almost always a part of the family plan and stories are the key to this family planning process.

BI: So it’s like a business plan essentially, but it’s more about the soft side of family issues?

JG: Not necessarily. It is the family stories that lead to the family plan (a plan that entails much more than just the family business). In fact, without the stories you cannot surface the values that ultimately lead to the plan. The process moves from story to values to plan, and while it may sound touch-feely the family offices that run these meetings are all staffed by CFA’s and CFP’s – hard-core finance types responsible for millions or even billions of dollars. Particularly the financial advisors managing billions of dollars emphasize the importance of bringing the extended family together and following the above-mentioned process. This strategic planning is often more important than figuring out which stocks client should purchase. Since 80percent of investment professionals can’t beat the indexes, many sophisticated financial planners have given up on stock picking as an investment strategy.

BI: So it really was looking at the family office business along with your CFP® certification that gave you the Narrative Philanthropy™ perspective?

JG: Yes. Interviewing financial planners and seeing how financial planners were bringing their clients together for these family meetings made an impression on me. In these meetings the financial planners often use story boards to get everyone talking. They want everyone present to understand the family history. Who did what? Who were the good guys? Who were the bad guys? They write everything up on the boards in order to generate the family stories. In very wealthy families, the family office will often

hire someone to write the family history or make a video about the family history. The whole purpose is to help the family create a 100-year family plan that ultimately includes tax planning and complex trusts, but starts with uncovering the family story. Finding out where they come from helps a family figure out where they want to go. Since so many family businesses do not survive, it is worth the extra effort to figure out how to keep the family and the family money together. Stories play a big part in this process.

BI: What about smaller donors? What is their perspective? How do you reach them?

JG: Smaller donors are attracted to the stories of your clients. When someone gives Boys and Girls Haven a few hundred dollars I often ask them what prompted their generosity. They often say, "It's the stories you all write about your kids." One donor told me, "I grew up in such a perfect household; everybody was nice to me and I married a wonderful man. I heard about kids being abused and I couldn't even fathom it. I made Boys Haven one of my prime charities because it made me so upset." Here is a perfect example of the effect of telling client stories. This particular donor ended up leaving money in a trust to us, an example of small gifts leading to bigger gifts. In working with this donor, it helped me to know her story too.

Everybody has a different reason why they give. It may be because they never had any abuse in the family, or they knew someone in the family who was an alcoholic or something like that. One thing we hear from people who read our newsletters is that they always read the column called "In Their Own Words." These are stories that come straight

from our kids.

BI: We know that there is a place for the quantitative stuff. How do you balance the quantitative and qualitative information?

JG: Everybody wants to know about a nonprofit's financial management. No one wants to give if they think you're wasting their money. They want to look at your Federal 990 tax return, but their giving never starts with this quantitative information. Reading a nonprofit's 990 might be the final thing a donor does, but the impulse to give starts from the heart. Impassioned donors may never read the 990. If people are obsessed with your financials, generally they are looking for a reason not to give. If they really want to give, whether your administrative cost is 10 percent and the guy down the street's is 14 percent simply will not matter.

BI: Not to interrupt, but I was also thinking in relation to what you said about how your story is the only thing that separates your nonprofit from the competition. These administrative percentages tend to be the same for most nonprofits too, don't they?

JG: Many of us use the same or similar accounting firms that tend to analyze our financial information according to the same strict protocols. These administrative percentages often are quite similar. If a particular nonprofit had really small administrative costs, that would make me suspicious.

BI: So it's similar quantitative stats along with similar missions, that often causes all the muddling together in the donor's mind? It is the story rather than the mission and the quantitative stuff that makes a nonprofit

unique? Otherwise, it's all pretty similar across the board when you are looking at comparable charities?

JG: Right. Donating tends to be a bit like investing. Studies have shown that when people buy stocks they spend little time researching the stock; they tend to buy on impulse (and often on stories or rumors about the stock!). I am not saying this is necessarily a good thing, but people tend to give as well as to invest emotionally. As long as you are running a good financial operation and you have nothing to hide, then you should sell your story. That is all you have to sell and if people are attracted to it then they are going to give. If not, they are not going to give. Anybody can look at a 990 [IRS form] and find something they don't like. This minuscule financial data may be important for grants, but in terms of private gifts, people give from the heart. People might say this sounds manipulative, but if reading about abused kids doesn't pull at your heart strings, what does?

BI: People have been selling stories since the beginning of time. Even biblical stories, they are selling something.

JG: Some of the world's best stories are from the Bible and there is an entire branch of theology called narrative theology. The famous Holocaust survivor Elie Weisel summed up this theology when he said, "God made man because he loves stories."

Stories put a meaning and structure to philanthropy. Even in Narrative Philanthropy™, there is a certain organization and structure just like there is in Venture Philanthropy. Stories provide important detail about an organization in a highly efficient manner. Stories help your

donors understand what problem your agency is solving and why you need their support. Stories put a face on philanthropy. One good story often provides more useful information than 1,000 statistical outcomes.  
▽



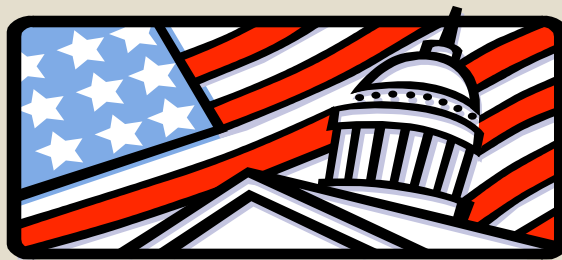
## Section Four: Advocacy and Lobbying

**Most nonprofits are scared to get involved in the democratic process because they don't want to jeopardize their 501(c)(3) status. "Nonprofit advocacy is a vastly under-utilized, under-researched, and under-funded strategy for solving social problems and improving the lives of ordinary people" (CLPI, 2008). In this section we will explore effective advocacy methods and clarify some of the many misconceptions.**

Before we examine the appropriate levels of political activity for nonprofits we must define the relevant terms: *advocacy*, *lobbying* and *political campaigning*. *Advocacy* is defined by the Center for Lobbying in the Public Interest as "a broad term covering a range of activities that seek to bring about systemic social change" (CLPI, 2008). *Lobbying* is a type of advocacy that the IRS defines as "activities that attempt to influence legislation by propaganda or otherwise" and can be conducted either indirectly or directly. "*Political Campaigning* consists of working for or against candidates' election to office" (Raffa, 2000).

Nonprofit organizations with 501(c)(3) status are completely forbidden to engage in any form of *political campaigning*. Nonprofits can engage in discussion with political candidates through local events or publications; however, all dialogue must be free from bias and free from partisanship. For instance, a nonprofit may want to hold a forum event for mayoral candidates in order to engage the public figures in dialogue about a social issue like housing or education for which the nonprofit provides direct services to the public.

*Lobbying* is an advocacy activity that pertains to a specific piece of legislation in which an organization tries to influence the elected officials to vote in the interest of the



organization. It may come as a surprise that the IRS allows nonprofits to engage in lobbying; however, they may not engage in a "substantial" amount. The IRS ultimately decides what constitutes "substantial" which makes the process extremely subjective and ill defined (Raffa, 2000). Fortunately, nonprofits have the option to elect to file the Federal Form 5768 *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation*. The 501 (h) Election allows nonprofits to measure and report their lobbying activities through an expenditure test thereby giving the nonprofit a more concrete understanding of what level of lobbying is acceptable. For example, the H Election Expenditure Test allows a nonprofit with up to \$500,000 in expenditures to spend no more than 20 percent of its expenditures on lobbying activities (Raffa, 2000). If the organization fails to meet the expenditure test, it will owe a 25 percent excise tax on the excess lobbying expenses. It is important to

note that no expenditures are being used if unpaid volunteers or board members carry out your lobbying activities. That is why grassroots lobbying is a popular form of advocacy because it is the constituents of the elected officials that are engaged in the activity rather than a tax-exempt organization.

*Advocacy*, on the other hand, is completely permissible by the IRS. In fact, advocacy has proven to be one of the most effective avenues for achieving organizational goals. Advocacy helps address the underlying problems that your clients experience and can bring tremendous momentum to your cause. “Through direct service, nonprofits and their constituents learn what works and what doesn’t work and what the public and private sectors may do to make things better” (CLPI, 2008). Online advocacy efforts have become a particularly useful tool in the past ten years since the birth of the Internet. Communicating with stakeholders through email or electronic listservs is an easy and inexpensive way to keep your audience engaged in your agency’s mission and advocacy activities.

#### CHECK THIS OUT:



The Center for Lobbying in the Public Interest is an excellent resource for developing and strengthening advocacy strategies in the public sector. Their website, <http://www.clpi.org/>, contains a wealth of information about how to successfully lobby your elected officials and incorporate effective advocacy efforts into your day-to-day activities. Be sure to check out the toolkits, trainings and other resources available.

#### A WORD OF ADVICE

Whether it is grass roots lobbying, direct lobbying, community organizing or simply raising awareness about your organization among your elected representatives, make sure you do your homework. It is important to always back up your arguments with relevant and convincing data (CLPI, 2008). Prepare your organization’s perspective into an issue brief or script that formally organizes your stance on the policy issue. Be poised and professional when you meet with elected officials and be sure to have a thorough understanding of the legislative process if you truly want your concerns to be taken seriously (Carrasco, 2007). Never make false claims or participate in activities that could put your reputation or tax-exempt status in jeopardy. Seek legal counsel before you take action if you are unsure about the legality of a certain advocacy tactic.

Of upmost importance is sustaining the relationship between your advocacy actions and your organization’s mission and vision. In many instances the advocacy component gives your nonprofit’s cause a voice or momentum. Involve you advocacy efforts into your strategic plan. Define your goals and then develop your strategies for how to achieve them.



## Ask the Expert



Cathy Hinko, Executive Director of Metropolitan Housing Coalition (MHC) in Louisville, Kentucky, has a reputation in the community for getting things done. Before coming to MHC, Ms. Hinko was an attorney for Legal Services and then, directed the Section 8 Housing programs for the city of Louisville. Her diverse work experience and passion for fighting for fair and affordable housing gives her a one of a kind perspective on the state of housing-related issues today.

Ms. Hinko understands the value of community-wide collaboration to solve multifaceted social problems and she does not hesitate to involve elected officials in the process. Overall, she feels that most nonprofits are misinformed about the legality of advocacy efforts.

In our discussion, Ms. Hinko describes nonprofit advocacy and lobbying strategies and explains the importance of forging relationships with your local, state and national elected officials. Whether you are a coalition trying to make systematic change or a small nonprofit that is looking to influence a minute policy reform in your favor, effective advocacy strategies are vital in order to achieve success.

BI: What has been your experience with advocacy and lobbying in the nonprofit realm?

CH: I will give you a concise work history. ...First, I was an attorney for Legal Services. Then, I was a bureaucrat with the Housing Authority for Jefferson County. ...Now, I'm on my third career which is advocacy and coalition building as opposed to being an advocate as a lawyer—which is a very different skill set for being an advocate as a lawyer to being an advocate that wants to be persuasive to the general public and wants to build a coalition. I have only done this for five years; so, I am relatively new to this profession.

BI: It seems like you would have a unique perspective coming from all those different work backgrounds. What is the benefit of advocacy and lobbying to a nonprofit and

what should be their role in the political realm?

CH: When I ran the Housing Authority we did a lot of cooperative things to make very specific programs work...But, with advocacy what we want to do is start with data...and then take it to the next level to rigorous analysis of the data and current policy to see what does the data show us about current policies. Are they working? Are they not working? Are there [issues] that we have forgotten about? Then, making policy recommendations and switching hats totally and saying "Let's go out and organize about how we are going to get these policy recommendations into play." So, it requires wearing a couple of hats.

There may be organizations that divide out the data collection and policy analysis and then just go with the recommendation, but I think you'll find—like

Kentucky Youth Advocates—that most effective advocacy organizations do start with data. It really requires [the] left brain and [the] right brain...What it does not require is that a [nonprofit/coalition] director be as fluent in left brain as right brain. It just requires a director to be open-minded and have, in the organization, people who are skilled in one part and the other part. So, I will say that I am good at policy and good at schmoozing, but in terms of organizing, there are people in our organization that are much more effective than I am. ...When you have a good balance like that you can get all the jobs done.

BI: So what would your advice be to a nonprofit that is exploring advocacy?

CH: Do an honest assessment of skills and make sure that they are bringing in enough data and analysis that gives the organization heft and a patina of serious, reliable, quality information, but also has the ability to go out and speak and organize people. One thing about MHC and probably is true for some other organizations is that our target member in the beginning of the organization was not people that needed affordable housing, it was other agencies who could not accomplish what they wanted to *unless* they had affordable housing. So it was social service agencies, religious groups. ...I am not saying there were no people that were affected by affordable housing, but it tended to be more people who saw that their community was impeded by lower-income people not having fair and affordable housing.

So it has been a transition as we get people in MHC who say “The time has come to bring in more people that are affected by these policies”, who actually are the people that would benefit from there being a

better provision of fair and affordable housing. That has been hard for me as a director because I am used to operating a certain way and you have to change what you are doing. As flexible as we all like to think we are, it is easier to change theoretically than it is on a daily basis. ...So an organization needs to be aware of who their target is for advocacy. Who they are trying to bring into their coalition first of all and who they are trying to influence?

We as an organization do want to have an impact in Frankfort and we have had an impact in Frankfort, but we tend to be more about our local government and our local policies. When we talk about our Frankfort agenda there really was only one instance when we were a co-leader in a very clear objective and that was to establish a state affordable housing trust fund. But, even that was partly because we knew we couldn’t get at local affordable housing trust fund successfully until we had taken care of the state one. ...[We had to] make sure that the state fund was in place before we could turn and focus locally. Our real objective was the local affordable housing trust fund. That actually is an interesting case study of saying in order to achieve our local objective we knew we had to put to bed the one at the state level; so, we were a key player the year the state affordable housing trust fund passed. ...

Knowing who your target audience is in terms of who you want to persuade and knowing who your target audience is in terms of who you want to have joined with you—those are two different things. ...If it’s a local [issue], you try and build relationships with local decision makers. If our outlook was more state, than it currently is, then we would want to be building more relationships with legislators across the state. But because we focus more locally, our

relationships are with local government leaders and executive branch people and organizations.

You know we don't have money to give to decision makers—we have people to change the minds of decision makers. Once you penetrate into their awareness they are permanently aware. So, advocacy becomes a very effective tool for not only today but [also] tomorrow. Once you get someone who is elected aware that fair and affordable housing is an issue and that people will rally around it, then they are sensitive about it in future issues. ...

[Also] people who want to join MHC they want to have the information. They kind of have experienced that homeless people are there and are having difficulty but once you give them

information they are empowered themselves so you create this dynamic.

...You create a buzz around your issue! You can have an impact that is more far reaching than you think.

BI: Kind of like a ripple effect?

CH: Yes, there you go!

BI: In terms of lobbying, what is the best way to approach your representative about policy issues that are of concern to your organization?

CH: First of all, I think it is important to be visible as an organization and to build credibility that when you speak, you speak honestly and that you are informed. ...When we actually go to speak to anybody, to anyone in elected office, we make sure we have a few things. First of all, we have a

script with different portions so that if for instance I can't go but someone else can go they know what portion of the script is theirs and everybody knows the full script. So that say I am nervous and overlook a point, somebody else can make sure that the point is made. So there is a script. It is portioned out so everybody knows what part they have. Everybody knows the whole and it is really important to have a diverse group of people...We tend to have four people go. We would have the policy-wonk go, the MHC person go, someone who is a constituent,

someone who is a voting person for whoever that elected official is. Like if it's a councilmember, we would make sure we have someone who is affected by the policy because it is a lot harder for any human being to look someone in the eye and say

"Sorry not going to help you" then it is to look me in the eye and say "Sorry not going to do that policy." We make sure that we have racial diversity, and men and women to the extent you can. ...There are several organizations that have incredibly good formulas for this [process], and that is what we do.

BI: How do you keep those relationships going when electoral changes occur?

CH: It is important to go to newly elected people and tell them your story even if you don't have an [initiative] for them to do. Introduce [yourself/your agency], write a note...and include your studies—That is what I think you should do. We can do that because over a course of a year there may only be three to four newly elected officials... We are working in the [City of Louisville] mayoral race. We are nonpartisan, but we are

***"Once you penetrate into their awareness they are permanently aware, so advocacy becomes a very effective tool for not only today but [also] tomorrow."***

using the mayoral race as a way to reach candidates and to educate them about our issues so that it becomes a talking point in mayoral debate. We are part of the People's Forum, where ten social justice organizations got together and staged a mayoral forum and every one of the organizations got to ask one question. We were pleased to see that some of our briefing of mayoral candidates actually could be seen in their answers.

There is nothing wrong with education advocacy as long as you do every single one. You don't say I'm only doing the ones I like, or I'm only doing the ones that are one party or another party. Make yourself nonpartisan and available in a contested race. And guess what? Only one of those people is going to win, but all of those people will have learned something and they are presumably people who make change and affect other parts of our community. ...That's an opportunity right up front. We have someone on board at MHC that was partly in charge of getting these ten social justice groups together.

BI: Why are so many nonprofits terrified of advocacy and lobbying?

CH: That is because we didn't do a very good job advocating and lobbying for ourselves [as nonprofits] right up front so there are all kinds of laws that do limit what a nonprofit can do in advocacy and everybody is scared they will violate it, but in truth... it takes a lot more than you think to violate the law in terms of how much time or money a nonprofit can spend on advocacy before a nonprofit would get

***"Only one of those people is going to win, but all of those people will have learned something and they are presumably people who make change and affect other parts of our community."***

anywhere close to violating the law. I think we need more training on that. I think that every single year there should be a training that says; "Guess what you nonprofits—you can do a lot more than you think you can do before you really are lobbying", number one. I think nonprofits tend to have a very, very, very overly restrained view of what lobbying actually is and they are very fearful of violating tax codes and operations. I think organizations would be stunned at the truth.✓

## Section Five: Coalition Building

**Collective action has become a popular strategy for solving complex social problems in the public sector. A coalition is essentially just a conglomerate of related agencies that come together to serve a shared purpose or achieve a goal in unison. Coalitions in the nonprofit world are very important collaborations because they allow agencies to share or pool scarce resources together in order to affect a larger impact or change in their community. In this section we will examine strategies for success and inherit risks of inter-organizational collaboration.**

### What is a Coalition?

Coalitions, also known as comprehensive community initiatives, partnerships or consortia “are collaborative, rather than hierarchical, with decision-making resting more with neighborhoods and communities than with traditional levels of authority” (Novik, 1998). Coalitions can accomplish great things, but without adequate planning and support they can be disastrous.

A successful collaboration may seem like a natural process where teamwork happens organically; but in reality, it takes a lot of work to pull it off right. Undoubtedly, the two most important ingredients for a successful collaboration are *effective communication* and *strong leadership*.



### *Effective Communication*

Often times the organizations involved in a coalition assume that the other agency is on the same page when in fact they are not. It is extremely important to be explicit from the beginning about what your nonprofit wants to get out of the collaboration and demand honesty from your partners in exchange (Nonprofit World, 2006).

Hold your organization accountable before you enter into collaboration by carrying out thorough and honest assessments of your agency’s organizational capacity, skills and culture. Remember to involve the entire staff and board in the process. That way, when you enter into a partnership, you will know where your strengths and weaknesses lie and you will be conscious of how your organization operates best.

“The best defense is a well-informed and supportive board of directors and experienced staff asking good questions upfront, evaluating progress regularly, and making adjustments as needed along the way” (Liotus, 2007). Establish lines of



communication that are easily accessible and encourage healthy dialogue about expectations and motivations between partners.

At the heart of your collaboration are your overall goals and mission. Healthy communication is an ongoing process especially as coalitions grow in size or as your collaborative strategies evolve. If your coalition has successfully won grant funding, “be sure to re-examine your mission in the context of the grant that brought you together” (Novik, 1998).

### ***Strong Leadership***

Although authoritative or hierarchical leadership is not conducive to coalition building, leadership is still a necessary component to any collaboration. “For collaboration to succeed, a new kind of leadership is essential” (Bush, 2006). Leaders of collaboration help facilitate the direction and pace of the partners rather than dictate the action. More specifically, the leader’s focus is expanded to include a collective identity and shared goal rather than individual gain (Bush, 2006).

In addition, effective nonprofit collaboration leaders have the ability to synthesize relationships and expectations into a shared goal. This often involves mediating disagreements between partners and recognizing different contributions for their specific value to the desired collaborative goal or mission (MacDonald et. al, 2004).

Often times a lead agency will emerge that “takes the reigns” in a coalition. Even if it is an informal agreement, the other organizations need to have confidence, trust in the leader and feel that he or she is capable of providing adequate facilitation and mediation between all the parties involved.

Perhaps most importantly, great collaborative leaders always need support and sometimes need training in order to perform their best. Your coalition may be able to easily identify the individual for the job; however, they can’t do it alone. A healthy collaboration involves all members to be invested in the sustainability of the partnership or coalition for it to truly be effective.

### **Quick Tip: Do Your Research**

Roadblocks are destined to happen when you’re trying to build consensus among different groups. The more research and planning you do before you enter into a collaboration the more prepared you will be when these problems arise.

Learn from the successes and mistakes of others. Read case studies; find out what has worked in the past for nonprofit coalitions and collaborative partnerships. Often times you can find specific testimonials about coalition building experiences written about very similar organizations fighting for comparable causes.

Also, conditions for collaboration may differ depending on the culture or surrounding environment where you’re working. For example, research suggests that effective collaboration works differently in rural settings than in urban environments (Richgels and Sande, 2009).



## Ask the Expert



Mary O'Doherty is currently involved professionally with two coalitions in the Commonwealth of Kentucky. Ms. O'Doherty works full time at the Kentucky Domestic Violence Association (KDVA) as the Economic Empowerment Project Director. Her other position is project director of Kentucky Asset Success Initiative (KASI), a volunteer-based free tax preparation service. Last year, "KASI helped 8,478 working families claim tax refunds of \$8.8 million, generating \$18.2 million in economic activity in their communities" (KASI Annual Report, 2010).

Her experience with both of these nonprofit organizations has allowed her an understanding on how statewide coalitions work best. Ms. O'Doherty emphasizes the importance of a shared mission in any collaboration; without a shared program goal or idea there is no foundation for a coalition. She also advises that agencies can avoid the conflicts of shared decision-making by carefully choosing the issues they need to build a consensus around and respecting the autonomy coalition members need to do their jobs effectively and efficiently.

BI: What has your experience been with coalition building?

MO: My organization is a coalition. I work with the Kentucky Domestic Violence Association (KDVA). We are a coalition of the fifteen public domestic violence shelters that operate across the state of Kentucky. Our board is comprised of the executive directors of each of those domestic violence shelters. ...So, my everyday job is working in support of a coalition.

I am also involved with a coalition of asset building organizations. The Kentucky Asset Success Initiative (KASI) is comprised of four community-based organizations, or really community based collaborations, that provide free tax preparation services. We have one in central Kentucky: we have one in the Bowling Green area; we have one in the Owensboro area and we have one in Eastern Kentucky.

BI: How did KASI get started?

MO: KASI got started when the Annie E Casey Foundation was interested in getting some rural, free tax preparation services going in eastern Kentucky. So the foundation came in Kentucky and issued a grant to start these coalitions. That was about six years ago. Now, the Foundation is not involved anymore—we just do it on our own without the Foundation's support. We have other support, other funds that we've raised. ... Every year we provide free tax preparation services at sites across the state—So, that's how it came to be.

Basically every year at tax time we provide tax support and also make sure that people know about the Earned Income Tax Credit... We are also trying to give people a service that is an alternative to going to a paid tax preparer. We think that the paid tax preparer costs too much when you consider how simple these families' taxes are. We also think that too many folks are tempted by refund anticipation loans...



BI: That is a type of predatory lending, right?

MO: In a way, yes. That's another reason why our organization is trying to give people another way to prepare their taxes. We are trying to get people to not go to [paid tax preparers] because they are very expensive.

BI: What have been your major successes and challenges with coalition building?

MO: Our successes are that we are able to provide free tax preparation assistance to 8,500 people. Another reason we do the work is because we see this [service] as a way to introduce [our clients] to financial education classes and budgeting classes. We see tax time as an entre for us to work with families on their financial planning. The work that we do is the best example of something positive that has come out of it.

Many of the people that provide the free tax preparation service are doing so as volunteers, so it is also a great way to help people give back. I think that it is a training opportunity—we have a lot of [AmeriCorps] VISTA [volunteers] that are involved, which is a good learning experience for them.

I think the challenges surround the fact that most of the people that do the work are volunteers and have other jobs. The work that we're doing is something that they are doing on top of their jobs—it's an extra duty. One of the challenges is that everybody is always trying to squeeze things in...

BI: Why is Coalition Building important for nonprofits?

MO: A project like this probably wouldn't

happen without a coalition. A coalition is important because it is a good way to get volunteers, get a lot done and cover a lot of area without a lot of money. We don't have that many resources but [we] provide free tax preparation [all] across the state. So bringing all these people together enabled us to get

something done that we wouldn't have gotten done otherwise.

[Coalitions] also bring together people with different kinds of skills. Some of the people in the coalition have a deep understanding of the tax laws. Then we have other

coalition members that are really good at volunteer recruitment. Then we have other coalition members that are really good at marketing. So everybody benefits from everybody else's talents.

BI: What would your advice be to a nonprofit agency that is interested in starting a coalition? Where should they start?

MO: Your efforts should be driven by whatever your mission is. You can't start a coalition without a reason. Say, for example, you wanted to start a domestic violence shelter; your coalition would be formed because you had this mission of starting a nonprofit and that would drive all of your efforts. I can't imagine you would start a coalition without a mission.

BI: Normally smaller agencies might not have a lot of resources and might be struggling on their own to work towards their mission, but if they involve others and strengthen their mission they can get there faster.

MO: Right. ...Whatever your mission is, that is

***“A project like this probably wouldn't happen without a coalition. A coalition is important because it is a good way to get volunteers, get a lot done and cover a lot of area without a lot of money.”***

going to drive the activity. You'll bring people into the coalition that share the goal and think that it is a good idea and who are willing to give up some of their time and take advantage of some of their own resources to the effort.

BI: How do you avoid struggles involved in the shared decision-making process? How do you balance the interests of agencies and find that common interest?

MO: One way that we handle that with our free tax preparation coalition is that we are pretty light on rules. Each local organization in the coalition has a huge amount of autonomy. ...We really only come together to get the money. It is easier for us to apply for a grant when we pool our resources. We've got so many more tax services that we're doing because we are working together. We can say we are serving 8,500 people.

BI: So your coalition is very decentralized?

MO: We are very decentralized. We come together for mutually beneficial reasons like writing a grant or last week [for example] we did a press conference for the governor. Some of our folks came together for the planning and organization of that press conference. Most of the time, most of the organizations are pretty autonomous. They have to deal with the IRS, but when it comes to the shared decision-making you only want to do that when the goal or mission is in everyone's interest. That is going to help you when everyone has a stake in the matter.

Often with these coalitions there are

certain people who will become more invested than others. Usually what happens is that those organizations or those people representing those organizations sort of come together and provide a nucleus of the larger group. Often the decision-making doesn't end

up involving that many people when it comes down to it. ... We are talking to each other enough during and before tax season that we all know what each other wants. If there were an issue that I think would

divide us I would purposefully not go there unless I absolutely had to. That supports the fact that we are so autonomous and decentralized.

For example, some people might say that each of the four coalitions should use the same protocol when it comes to serving taxpayers. I am not interested in doing that because I know that each organization does a good job. I know that they have different ways of doing it, so I'm going to avoid having to deal with that because I don't think the ends justify what it would take to get there. So that is an example where we are choosing to give each coalition a lot of autonomy because it would be so hard for them to come together to agree on something like [a protocol]. ... I've noticed with some of the coalitions that I've been involved with that if I'm willing to invest the energy or the time that I am likely... to get what I want or direct to some degree what is going on because there is usually a smaller group involved in the decision making. Now they have to go and make sure that everyone is going to agree with what they are doing and that it is going to be supported by the group as a whole but I think with all coalitions there is usually a nucleus of people that are doing most of the work. ▽

***"We really only come together to get the money. It is easier for us to apply for a grant when we pool our resources."***

## Section Six: Grant Writing

**Successful grant writing is all about planning ahead and being grounded in your agency's mission and purpose. Solid research techniques and thoughtful development of achievable goals and outcomes merit success in grant writing and grant acquisition. It is in the agency's best interest to place more weight on choice of funder in their grant writing endeavors so as not to get off course or get in over their heads. Most importantly, grant writing is just a small component of a sustainable and reliable overall nonprofit fund development strategy. Don't put all your eggs in one basket! The most successful agencies work diligently to keep their revenue streams diverse so that they ensure the long-term sustainability of their organization.**

### Overview of Grant Writing

It is estimated that there are over 1.5 million nonprofits in the United States all vying for financial support (Giving USA, 2009). As with investment best practices, it is ideal for a nonprofit to have a diversified portfolio of revenues so that in the event of a downturn or loss of funding from one source the agency will not crumble from lack of support (Temkin, 2001).

Grant funding in particular comes from both private and public sources. 16.7 percent of private giving, almost \$50 billion, comes from corporations and foundations (Giving USA, 2009). Where as, 30 percent of nonprofit earned revenue comes from federal, state and local government grants and contracts. Although government grants amount to a larger dollar figure than corporate or foundational grants, they are much more complex and often very difficult to secure.

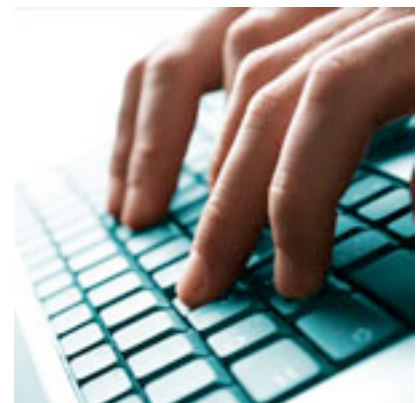
Grant writing can be an excellent fundraising strategy because it costs less to secure in comparison to most other fund development strategies. However, it is important that you be selective in your choice of funders. Be careful not to overextend your

capacity or drift from your mission during the grant writing and acquisition process.

Grant writing has become increasingly more competitive. Most agencies take applications online now which cuts down on the cost of applying and allows for more agencies to enter their proposals into the running. It can be easy for even a well-vetted program proposal to get lost in the pack. That is why it is increasingly important for grant writers to pay extra close attention to detail and follow directions explicitly; there is no room for error.

### Demonstrating the Need

There is a bit of a misconception in the nonprofit industry that grant proposals must always be new approaches to solve old problems. Although overall innovation and creativity of a project



can be impressive to funders, there is something to be said for a well-established program that can deliver results. A good grant development team will research both the problem that the program will ameliorate, as well as the various approaches that other organizations have used to address that problem. Be sure to articulate relevant findings in your need statement.

A *need statement* is nothing more than an assessment of the problem and an explanation of your solution to that problem. Your objective is to demonstrate to the funders how critical the need is and inspire them to fund your solution. Your argument should be supported by both quantitative data (statistics) and qualitative data like stories or testimonials.

### Exhibiting Organizational Capacity and Alignment

Your organization also needs to demonstrate how your mission and vision are aligned with the goals and purpose of the funding source. This should not be too difficult if you were careful to pick the right funder. The funder should be able to easily see the connection

between their goals and the intentions or your organization's proposal.

In addition to showing your similarities in purpose, you must also exhibit proof of your organizational capacity. The funder must trust that they will receive a return on investment; they don't want their money to be wasted or spent on general operating costs instead of needy clients. Show your program-spending ratio to offer reassurance. If your organization has received any honors for leadership or management be sure to include those. Also, highlight the engagement levels of your staff, board and volunteers. If you can show that other people and organizations are highly invested in your agency, prospective funders will be more likely to follow suit and offer their support.

### Goals and Objectives

Funders always require grant applications or proposals to explain the programmatic goals and objectives. Your organization's goals are broad statements about what you aim to achieve from the proposed

## Building a Logic Model

Many grant applications, especially government grants, require agencies to develop logic models to help explain their program proposals. Logic models provide a structure to show how your funded program will turn *inputs* into quantifiable *outputs* and *outcomes* through a logical sequence of events. The *activities* are just the methodology or theory behind the program/project. Check out W.K. Kellogg Foundation's Logic Model Development Guide at [www.kkkf.org](http://www.kkkf.org) for more details on developing effective logic models.

| Inputs  | Activities   | Outputs  | Outcomes   |
|---|--|--|--|
| Lists the resources used to perform work: equipment, staff, supplies, budget items etc... | Explains the process, methodology involved in proposed program/ project. | Lists the expected quantifiable deliverables of the program/project: number of children served, number of training programs etc... | Explains the overall reach or change that your program/project affects in the community. |

organization's objectives support those goals with more specific benchmarks about how you will achieve those goals. In other words, your objectives are the tangible ways you expect to achieve your stated goals. The goal-objective relationship is somewhat similar to the output-outcome relationship of the logic model (see diagram on page 34).

### Evaluation

Measuring and reporting outcomes is just as much a part of grant development as writing and acquiring grant funding. During the program development process, your agency should take into consideration how it will effectively evaluate the proposed program/project. Because program evaluation is such a critical component it is important to learn as much as you can from the successes and mistakes of others. Developing a successful evaluation plan should always start with a comprehensive literature review on what similar agencies have done. There is always room for comparison even if you are proposing a brand new program that has never been done before.

Your evaluations should serve two purposes: *number one*, you must demonstrate the goals and outcomes achieved by the program to the funding source and *number two*, you must objectively critique your program in order to make necessary adjustments to ensure better efficiency and effectiveness in the future years of the

program.

Common evaluation techniques include qualitative measurement strategies like focus groups or entry/exit surveys, as well as quantitative measurements like percent changes in test scores, student retention or higher average savings in the case of an economic self-sufficiency program for example. Most program development specialists would agree that whenever possible a combination of both quantitative and qualitative evaluation measures is best.

### Sustainability

In some cases nonprofit organizations receive year after year of funding for the same program from the same funder. In that instance, the agency has been able to establish a funder-agency relationship with longevity based on their ability to report outcomes, overall accountability and credibility over the years. Most grant funders, however, are not looking for a long-term commitment; they want organizations to be able to divert into other revenue streams to fund their programs after the pilot year[s].

Whether your funder has been upfront about their short-term commitment or not it is always a good idea to include a sustainability component into your program development plan. Map out who your stakeholders are in the community. What other area businesses or organizations have witnessed the impact of your program and might consider offering support in the future?

Sustainability is not only important for grant writing; it's the underlining direction of nonprofit development. It is those lasting relationships in the community that will ensure the endurance of your organization.





## Ask the Expert



There are likely very few nonprofit professionals in city of Louisville that don't know Kevin Connelly. From 1991 to 1999, Mr. Connelly served as the executive director of YMCA Safe Place Services. While at YMCA Safe Place Services he helped successfully land a federal grant for a transitional living program for teens that were aging out of their traditional programs but still needed assistance.

Mr. Connelly has served as the executive director of the Center for Nonprofit Excellence (CNPE) since it's founding in 1999. CNPE is a nonprofit whose mission is "to serve the sector's quest for excellence through education, consultation, and network advocacy."

As an adjunct instructor at the University of Louisville School of Urban and Public Affairs, Mr. Connelly teaches graduate courses on strategic management and nonprofit grantsmanship. In addition to teaching at University of Louisville, he also runs grant writing workshops for nonprofit managers. In the following interview, Mr. Connelly shares his overall impressions and expertise on the subject of grant writing.

BI: What are the benefits of grant writing and grant-related funding?

KC: First let me say there is such a wide spectrum there that I will parse it a little bit. General grant writing skills are really nothing more than just good project development for the most part. They are also capacity grants, but by in large they are for programs. So, it does force a certain methodology in terms of articulating what you are going to do, with what, for whom and how you are going to measure it. A good project hopefully has all those elements anyway but sometimes a good grant development expertise lends to better program definition, objectives and

outcomes. From a financial point of view, grant development at the low end (for the non-federal, smaller grants, corporate asks or corporate foundation asks) can grow your stakeholder base with corporate foundations. It can allow them to get to know you and how you do things,

***"General grant writing skills are really nothing more than just good project development for the most part."***

why you're good and why you're good for the community. At the higher end it's a good way to jump start a major initiative [which] you have to be really ready to

take on—and I'm thinking of the larger federal grants again—you have to be ready to take on that initiative.

Speaking from experience, when I was with Safe Place, we had been

operating a shelter for a number of years and there was an opportunity to go for transitional living funds which is for young adults between 16 and 21. So, with that we applied and received [the grant] and we worked with another agency and had an institution model where there was a fairly high degree of support to departments, but it gave us a way to provide a continuum of care to young adults who were in the shelter who were aging out of the youth system and needed more support to make it into adulthood. So, I think it can jumpstart major initiatives.

Bl: Like an expansion of services...

KC: Yes, expansion of services, significant quantum leaps of service (in that case a continuum of care in your services). [Grant writing] can allow you to engage new partners. It can help materialize other non-financial assets...

Bl: It seems to me like grant funding presents itself at all different stages of an agency's lifetime. I've notice from some of my research and experience that a lot of nonprofits were actually born through the acquisition of a grant. On the other hand, I've also talked with some well-established organizations, like the Girl Scouts for example, that are absolutely terrified of grant funding. When would you say is the best time for a nonprofit to pursue a grant?

KC: So, for those groups that were somewhat launched from federal money I would suspect that those instances came from either an organization or an ad-hoc group that was studying a particular issue and supported institutional roles. They were already working on other things that were

related to that, so that it kind of launched as a spin-off. But as an organization just started that might be thinking "Okay, let's get a federal grant!"—they are not usually ready at all. But if they are an ad-hoc group that has been around the block with prospective programs and program development and are pretty savvy about how that works and how to set up structures... Yeah, there are a lot task forces, and I've served on a couple, where they are trying to get something going and they had enough talent on the board of the task force so they could put together a grant proposal.

By and large, for a start up organization coming to us that asks "Can you help us with a grant?"—Usually we would probably determine that they are just not ready to do that. There are other very sophisticated and successful organizations, like the Girl Scouts, where [grant writing] doesn't fit their organizational culture. Even though they have this well-established structure they are pretty nimble too and federal grants aren't very good at allowing you to be nimble. [Federal Grants] are good at forcing you to do certain things in a certain way to produce certain results and maybe that is innovative in the way you are doing things. But once you lay the tracks you are kind of on that track and in fact I know one organization that was reinventing itself and they looked at their funding sources. They looked at the characteristics of those funders and what that implied to their organizational culture. They wanted to be more entrepreneurial and they were heavily federally funded—they found that to be incompatible. It connects back to the first question about the benefits of grant

writing because there can be a downside too in that you can form pretty linear programs with federal monies that can be quickly launched—like the quantum leap launch. Or, after thirty years you might not have the funding anymore and maybe you have five staff members that were working on that program—now you are looking at potentially laying off those five staff members. So you have this quick to come quick to go [scenario sometimes].

BI: It seems like a nonprofit has to establish a capacity and a routine in the sense that you know what your doing and where you are going. If you are a nonprofit just starting out you need creativity and you need flexibility; applying for a grant might stifle you...

KC: Absolutely. It doesn't mean it's a bad thing but you have to be aware that there are some constraints [involved in grant writing].

BI: Would grants or grant writing ever be a disadvantage to a nonprofit agency?

KC: If you are not ready for the implementation—there are a lot of expectations, a lot of money management issues—so there might be accounting requirements that the organization either isn't prepared for or is different than the way they normally do business. Louisville Public Media is doing their fundraising campaign right now and they are always quick to add that they are not federally funded. I know you didn't ask specifically about federally funded grants, but sometimes it helps to retain a certain tenure

of the relationships with the constituents if it isn't federally funded. ...So [a nonprofit] will tout that.

BI: So, you don't want your grant writing efforts to discourage individual giving, which is the most flexible and has the least constraints. You don't want people to say, "Well, they don't need our money. They just got a big stimulus check."

KC: I don't know that to be a fact but it would be a consideration that it could alter your relationship with your significant donors. ...But usually you can

work out a blend [of funding sources] and usually a blend is the best way to go. You have fees for services, good corporate sponsorships, good individual support and then you have grant development. But it

does have, like anything else, two sides to the ledger. For the most part it can work.

BI: What do you think are the biggest mistakes nonprofits make when applying for grants?

KC: Probably the first thing is that they are going after the grant and they are shaping the project based on grant they are going for, as oppose to having a project in mind [first]. For instance with the [Safe Place] shelter which we had a program design for these young people that turned eighteen we were looking for a way to [lead] them into life. In fact, the transitional living grant we went for we formed a team of people from different institutions and we started meeting. We

***"The biggest mistake is just really not coming up with a coherent program and then seeking funding. Too often the funding shapes the idea instead of the idea being matched to the funding."***

decided that year that we were not ready to go for that federal grant but we would study the best way to have a model [for a transitional living model]. Fourteen months later we did apply for it and got it. The biggest mistake is just really not coming up with a coherent program *and then* seeking funding. Too often the funding shapes the idea instead of the idea being matched to the funding.

Another mistake is when some nonprofits are just not ready to implement and measure and taking on too much. So the organization is already stretched thin, they get this grant where they are going to be expected to do a lot more including hiring, bringing on people and training... So if they are not too resourced just shifting to do those things makes them even thinner. ...So it can lead to being overextended in implementation, overextended in personnel, overextended in training, overextended in measurement of outcomes and dollar management. Somebody likes to use the term “an octopus without a central nervous system”: the nonprofit has all these [programs] going on but they are not integrated. Universities might find themselves in that situation where they have so many large federal endeavors that they are not really as connected or integrated or taking advantage of their own synergy.

BI: What you describing sounds a lot like mission drift...

KC: Sure, mission drift, but also I think just a simple over extension of resources for small [nonprofits] that are not well resourced. I’m also thinking that large [nonprofits] may also run the risk of having too many irons in the fire and not really taking advantage of

the whole—like [the university example] when you have the Sciences doing research and another group doing something very similar but they don’t even know that they are both doing it.

BI: You briefly mentioned reporting outcomes and how that takes a lot of capacity. Can you share some successful strategies for reporting outcomes?

KC: I think making sure everybody understands the difference between and “input” and an “outcome” and being able to make outcomes manageable in terms of what are some indicators that are correlated with that outcome. Often times [a nonprofit] is usually dealing with human lives with outcomes and there is not really an outcome with human lives until the person is going to expire because everything is still a work in progress. So to say that this is an outcome when it’s one result of many, many results. It’s asking you to do the impossible sometimes but you have to show that the money made a difference. So, looking at the indicators that correlate with positive outcomes whether it’s an education [program] or health or job employment or drug rehabilitation, whether the indicator is the first 30 days of sobriety, the 60 or 90-day mark, attending AA meetings, finding a sponsor. So we are breaking it down into the behavioral



indicators that lead toward that outcome. I think it is hard to do and the best thing to do is to understand what others have done first. This happens a lot, I think, that people will be sitting in a room like this and start saying “Well, we could come up with this, this and this,” and not look at what others have been doing for a long time and making sure they do a little research. So, advice on outcomes: research, breaking it down and understanding and appreciating the complexity but not letting that stop you from figuring out how you are going to measure it.

The other thing that’s comes from the funders side is unrealistic expectations; they give rather small grants but expect you to produce these [large] outcomes. That \$5,000 isn’t going to produce a college education for 20 people! So matching up expectations [is also important]. And funders, sometimes they want to see outcomes and they are asking for outcomes that are far beyond the amount of their grants. You wouldn’t be able to measure the results with the amount of some grants. I don’t know what you could do about that—it’s hard to have funders change their expectations. ...So, the last piece that is challenging is how you are going to measure [program results]. I think usually there are insights and research about how others have. Usually, with large federally funded



grants, an independent evaluator is part of the grant and it is paid for in the grant but it’s the smaller grants that make [the process of measuring results] really hard sometimes.

BI: Do you think agencies, even agencies with good program development skills, sometimes forget to look at whether or not the outcomes of a funding source fit their organization? Should the desired outcomes of the funders be more of a consideration when researching and writing grants?

KC: Yeah, I think so. Probably the best thing is to understand what your program is designed to do, how you will achieve success and how you will measure it no matter what you’re asking for so you can report some piece of that outcome. You should only be looking for funders that are consistent with your mission, vision and outcomes anyway.

What I hear you saying is that an agency might be induced to go for a particular grant, our outcomes are similar to this—“Yeah we can do that too” and then suddenly you are chasing multiple outcomes that are beyond your grasp or influence. I do think that happens. Like with [most] projects like house renovations, it usually takes twice as long and costs twice as much and with outcomes you probably under estimate your potential impact in the same way—it’s going to take you twice as long and cost you twice as much. ▽



## Bibliography

- Brinckerhoff, P.C. (1995). A New Way to Think About Your Markets. Nonprofit World. 13 (1), p, 18-20.
- Bush, R. (2006). Collaboration and Leadership: Secrets to Success. Nonprofit World. 24 (1), p, 17-19.
- Carrasco, M. J. (2007). Nine Small Advocacy Tips that Can Make a Big Difference. Nonprofit World. 25 (1), p, 20-21.
- Center for Lobbying in the Public Interest. (2008). *Nuts and Bolts*. Retrieved 3 15, 2010, from Center for Lobbying in the Public Interest: <http://www.clpi.org/nuts-a-bolts>
- Center on Philanthropy at Indiana University. (2009). *Giving USA: The Annual Report on Philanthropy*. Giving USA Foundation.
- Henze, L. (2005). Planned Giving Tips For Every Organization. Nonprofit World. 23 (6), p, 8-11.
- Kentucky Asset Success Initiative. (2010). *2009 Annual Report*. Kentucky Asset Success Initiative.
- Liotus, B. (2007). The Power of Partnership. Nonprofit World. 23 (3), p, 18-21.
- MacDonald et. al. (2004). How Do Leaders of Nonprofit Partnerships Foster Collaboration. Nonprofit World. 22 (3), p, 13-15.
- Novik, N. (1998). Ready to Erupt. Nonprofit World. 16 (4), p, 45-49.
- Pratt, J. (2004). Analyzing the Dynamics of Funding: Reliability and Autonomy. The Nonprofit Quarterly. 11 (2), p, 8-13.
- Raffa, T. (2000). Advocacy and Lobbying Without Fear. The Nonprofit Quarterly. 7 (2), p, 1-4.
- Richgels, J. and C. Sande. (2009). Collaboration is Key for Rural Challenges. Policy and Practice. 67 (5), p, 17-19.
- Temkin, T. (2001). Mama Said Never Put Your Eggs in One Basket: Boards, Strategic Thinking, and the Need For Diversified Revenue. Nonprofit World, 19 (4), p, 8-12.
- Unknown Author. (2006). How to Partner for Success. 24 (6), p, 12-14.